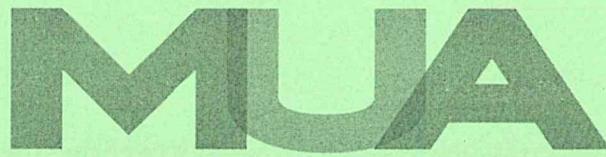


The
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UNDERGRADUATE UNIVERSITY EXAMINATIONS

SCHOOL OF MANAGEMENT AND LEADERSHIP

DEGREE OF BACHELOR OF MANAGEMENT AND LEADERSHIP/

DEGREE OF BACHELOR OF COMMERCE

BML 204/BCM 312: ENTREPRENEURSHIP AND DEVELOPMENT

DATE: 5TH DECEMBER 2016

DURATION: 2 HOURS

MAXIMUM MARKS: 70

INSTRUCTIONS:

1. Write your registration number on the answer booklet.
2. **DO NOT** write on this question paper.
3. This paper contains **SIX (6)** questions.
4. Question **ONE** is compulsory.
5. Answer any other **THREE** questions.
6. Question **ONE** carries **25 MARKS** and the rest carry **15 MARKS** each.
7. **Write all your answers in the Examination answer booklet provided.**

QUESTION ONE

Read the Case Study below carefully and answer the questions that follow:

In Kenya, a variety of policies and programs have been enacted to facilitate the growth of the small enterprise sector. The small enterprise sector in Kenya is defined as being all of those businesses that employ 1-19 people. It is estimated that 2.1 million of Kenya's workforce are employed in the sector's 912,000 enterprises. The sector is growing at an impressive rate. In 1993, for example, it increased by 20%. On the other hand, the large-enterprise sector recorded only a 2.3% growth in the same year. These growth rates indicate that, in the foreseeable future, small enterprises will employ three out of every four people looking for jobs in the non-agricultural sector of the economy. This is a primary reason why the Government of Kenya should take an active interest in the continued growth and expansion of the small business sector (Onyango & Tomecko, 1995). However despite the promising growth of small enterprise sector, there are myriad challenges that threaten the survival of these sector such high taxation, change in technology and competition from large scale enterprises. The government is putting favourable efforts to boost this sector.

Required:

- a) Critically examine **four** common causes of small scale business failure in Kenya (4 marks)
- b) Identify **five** benefits that accrue to the government of Kenya from the growing entrepreneurship (5 marks)
- c) Analyse **four** strategies that Entrepreneurs should put in place to cope with competition (8 marks)
- d) Explain **four** importance of marketing in a small scale enterprise (8marks)

QUESTION TWO

- a) Write short notes on characteristics of good business opportunities (7marks)
- b) Unethical behaviors can damage enterprise credibility, causing the business to lose customers and ultimately shut down. However, business owners and their management teams can work with employees to prevent unethical behaviors. Assess

four ways that an entrepreneur can put in place to prevent unethical behaviour in his/her enterprise (8marks)

QUESTION THREE

- a) What is venture capital? (1mark)
- b) Selecting a form of business ownership is a landmark step in the creation of a venture. Explain any **three** factors that guide an entrepreneur in selecting a form of business ownership (6 marks)
- c) Before deciding on the business to start and its location; entrepreneurs have to assess external factors that are likely to affect their business in what is called the five forces model. With an aid of a diagram; explain the Michael Porter **five** forces model (8marks)

QUESTION FOUR

- a) What is entrepreneurial motivation (1mark)
- b) Explain three internal motivation that drives an individual to venture into entrepreneurial activities (6marks)
- c) Discuss **four** positive roles of risk in enterprise development (8marks)

QUESTION FIVE

- a) What is meant by business growth? (1mark)
- b) Explain **three** growth strategies an entrepreneur would employ to grow his/her business (6marks)
- c) Evaluate **four** factors to consider when selecting a source of business finance for entrepreneurial start up (8marks)

QUESTION SIX

- a) Differentiate between innovation and creativity (4marks)
- b) Discuss the importance of networking to an entrepreneur (5marks)
- c) Describe any six entrepreneurial skills that are essential for starting, growing and expanding an enterprise (6 marks)

